Webster, Daniel.
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MR. WEBSTER'S SPEECH

ON THE CURRENCY,

AND ON THE NEW PLAN FOR

COLLECTING AND KEEPING THE PUBLIC MONEYS.

DELIVERED

IN THE SENATE OF THE UNITED STATES,

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SPEECH.

Mr. PRESIDENT: I am opposed to the doctrines of the message, to the bill, and to the amendment of the member from South Carolina, [Mr. CALHOUN.] In all these, I see nothing for the relief of the country; but I do see, as I think, a question involved, the importance of which transcends all the interest of the present occasion.

It is my purpose to state that question; to present it, as well to the country as to the Senate; to show the length and breadth of it, as a question of practical politics, and in its bearing on the powers of the Government; to exhibit its importance, and to express my own opinions in regard to it.

A short recital of events and occurrences will show how this question has arisen.

The Government of the United States completed the forty-eighth year of its existence, under the present constitution, on the third day of March last. During this whole period, it has felt itself bound to take proper care of the currency of the country; and no administration has admitted this obligation, more clearly or more frequently, than the last. For the fulfilment of this acknowledged duty, as well as to accomplish other useful purposes, a national bank has been maintained for forty, out of these forty-eight years. Two institutions of this kind have been created by law: one, commencing in 1791, and limited to twenty years, and expiring, therefore, in 1811; the other, commencing in 1816, with a like term of duration, and ending, therefore, in 1836. Both these institutions, each in its time, accomplished their purposes, so far as currency was concerned, to the general satisfaction of the country. But before the last bank expired, it had the misfortune to become obnoxious to the late administration. I need not, at present, speak of the causes of this hostility. My purpose only requires a statement of that fact, as an important one in the chain of occurrences. The late President's dissatisfaction of the bank was intimated in his first annual message, that is to say, in 1829. But the bank stood very well with the country, the President's known and growing hostility notwithstanding; and in 1832, four years before its charter was to expire, both Houses of Congress passed a bill for its continuance; there being in its favor a large majority of the Senate, and a larger majority of the House of Representatives. The bill, however, was negatived by the President. In 1833, by an order of the President, the public moneys were removed from the custody of the bank, and were deposited with certain selected State banks. This removal was accompanied with the most confident declarations and assurances, put forth in every form, by the President and the Secretary of the Treasury, that these State banks would not only prove safe depositories of the public money, but that they would also furnish the country with as good a currency as it ever had en-

joyed, and probably a better; and would also accomplish all that could be wished, in regard to domestic exchanges. The substitution of State banks for a national institution, for the discharge of these duties, was that operation, which has become known, and is likely to be long remembered, as the "Experiment."

For some years, all was said to go on extremely well, although it seemed plain enough to a great part of the community that the system was radically vicious; that its operations were all inconvenient, clumsy, and wholly inadequate to the proposed ends; and that, sooner or later, there must be an explosion. The administration, however, adhered to its experiment. The more it was complained of, the louder it was praised. Its commendation was one of the standing topics of all official communications; and in his last message, in December, 1836, the late President was more than usually emphatic upon the great success of his attempts to improve the currency, and the happy results of the experiment upon the important business of exchange. But a reverse was at hand. The ripening glories of the experiment were soon to meet a dreadful blighting. In the early part of May last, these banks all stopped payment. This event, of course, produced great distress in the country, and it produced also singular embarrassment to the administration.

The present administration was then only two months old; but it had already become formally pledged to maintain the policy of that which had gone before it. The President had avowed his purpose of treading in the footsteps of his predecessor. Here, then, was difficulty. Here was a political knot, to be either untied or cut. The experiment had failed, and failed, as it was thought, so utterly and hopelessly, that it could not be tried again.

What, then, was to be done? Committed against a Bank of the United States in the strongest manner, and the substitute, from which so much was expected, having disappointed all hopes, what was the administration to do? Two distinct classes of duties had been performed, in times past, by the Bank of the United States; one more immediately to the Government, the other to the community. The first, was the safe-keeping and the transfer, when required, of the public moneys; the other, the supplying of a sound and convenient paper currency, of equal credit all over the country, and everywhere equivalent to specie, and the giving of most important facilities to the operations of exchange. These objects were highly important, and their most perfect accomplishment by the experiment had been promised, from the first. The State banks, it was declared, could perform all these duties, and should perform them. But the "experiment" came to a dishonored end in the early part of May. The deposite banks, with the others, stopped payment. They could not render back the deposites; and so far from being able to furnish a general currency, or to assist exchanges (purposes, indeed, which they never had fulfilled, with any success) their paper became immediately depreciated, even in its local circulation. What course, then, was the administration now to adopt? Why, sir, it is plain, that it had but one alternative. It must either return to the former practice of the Government, take the currency into its own hands, and maintain it, as well as provide for the safe-keeping of the public money by some institution of its own; or else, adopting some new mode of merely keeping the public money, it must abandon all further care over currency and exchange. One of these courses became inevitable. The administration had no other choice. The State banks could be tried no more, with the opinion which the administration now entertained of them; and how else could any thing be done, to maintain the currency? In no way, but by the establishment of a national institution.

There was no escape from this dilemma. One course was, to go back to that which the party had so much condemned; the other, to give up the whole duty, and leave the currency to its fate. Between these two, the administration found itself absolutely obliged to decide; and it has decided, and decided boldly. It was decided to surrender the duty, and abandon the constitution. That decision is before us, in the message, and in the measures now under consideration. The choice has been made; and that choice, in my opinion, raises a question of the utmost importance to the people of this country, both for the present and all future time. That question is, WHETHER CONGRESS HAS, OR OUGHT TO HAVE, ANY DUTY TO PERFORM IN RELATION TO THE CURRENCY OF THE COUNTRY, BEYOND THE MERE REGULATION OF THE GOLD AND SILVER COIN.

Mr. President, the honorable member from South Carolina remarked, the other day, with great frankness and good-humor, that in the political classifications of the times, he desired to be considered as nothing but an honest nullifier. That, he said, was his character. I believe, sir, the country will readily concede that character to the honorable gentleman. For one, certainly, I am willing to say, that I believe him a very honest and a very sincere nullifier, using the term in the same sense in which he used it himself, and in which he meant to apply it to himself. And I am very much afraid, sir, that (whatever he may think of it himself) it has been under the influence of those sentiments, which belong to his character as a nullifier, that he has so readily and so zealously embraced the doctrines of the President's message. In my opinion, the message, the bill before us, and the honorable member's amendment, form, together, a system, a code of practical politics, the direct tendency of which is to nullify and expunge, or, perhaps, more correctly speaking, by a united and mixed process of nullification and expunging, to abolish, a highly important and useful power of the Government. It strikes down the principle upon which the Government has been administered, in regard to the subject of the currency, through its whole history; and it seeks to obliterate, or to draw black lines around, that part of the constitution on which this principle of administration has rested. The system proposed, in my opinion, is not only anti-commercial, but anti-constitutional also, and anti-union, in a high degree.

You will say, sir, that this is a strong way of stating an opinion. It is so. I mean to state the opinion in the strongest manner. I do not wish, indeed, at every turn, to say, of measures which I oppose, that they either violate or surrender the constitution. But when, in all soberness and candor, I do so think, in all soberness and candor I must so speak; and whether the opinion which I have now expressed be true, let the sequel decide.

Now, sir, Congress has been called together in a moment of great difficulty. The characteristic of the crisis is commercial distress. We are not suffering from war, or pestilence, or famine; and it is alleged, by the President and Secretary, that there is no want of revenue. Our means, it is averred, are abundant. And yet the Government is in distress, and the country is in distress; and Congress is assembled, by a call of the President, to provide relief. The immediate and direct cause of all, is, derangement of the currency and the exchanges; commercial credit is gone, and property no longer answers the common ends and purposes of property. Government cannot use its own means, and individuals are alike unable to command their own resources. The operations, both of Government and people, are obstructed; and they are obstructed, because the money of the country, the great instrument of commerce and exchange, has become disordered and useless.

The Government has funds; that is to say, it has credits in the banks, but it cannot turn these credits into cash; and individual citizens are as bad off as Government. The Government is a great creditor and a great debtor. It collects and it disburses large sums. In the loss, therefore, of a proper medium of payment and receipt, Government is a sufferer. But the people are sufferers from the same causes; and inasmuch as the whole amount of payments and receipts by the people, in their individual transactions, is many times greater than the amount of payments and receipts by Government, the aggregate of evil suffered by the people is also many times greater than that suffered by Government. Individuals have means as ample, in proportion to their wants, as Government; but they share with Government the common calamity arising from the overthrow of the currency. The honorable member from Mississippi [Mr. WALKER] has stated, or has quoted the statement from others, that while the payments and receipts of Government are twenty millions a year, the payments and receipts of individuals are two or three hundred millions. He has, I think, underrated the amount of individual payments and receipts. But even if he has not, the statement shows how little a part of the whole evil falls on Government. The great mass of suffering is on the people.

Now, sir, when we look at the message, the bill, and the proposed amendment, their single, exclusive, and undivided object is found to be, *relief to the Government.* Not one single provision is adopted or recommended, with direct reference to the relief of the people. They all speak of revenue, of finance, of duties and customs, of taxes and collections; and the evils which the people suffer, by the derangement of the currency and the exchanges, and the breaking up of commercial credit, instead of being put forth as prominent and leading objects of regard, are dismissed with a slight intimation, here and there, that, in providing for the superior and paramount interests of Government, some incidental or collateral benefits may, perhaps, accrue to the community. But is Government, I ask, to care for nothing but itself? Is self-preservation the great end of Government? Has it no trust powers? Does it owe no duties, but to itself? If it keeps itself in being, does it fulfil all the objects of its creation? I think not. I think Government exists, not for its own ends, but for the public utility. It is an agency, established to promote the common good, by common counsels; its chief duties are to the people; and it seems to me strange and preposterous, in a moment of great and general distress, that Government should confine all its deliberations to the single object of its own revenues, its own convenience, its own undisturbed administration.

I cannot say, sir, that I was surprised to see this general character impressed on the face of the message. I confess it appeared to me, when the banks stopped payment, that the administration had come to a pass, in which it was unavoidable that it should take some such course. But that necessity was imposed, not by the nature of the crisis, but by its own commitment to the line of politics which its predecessor had adopted, and which it had pledged itself to pursue.

It withdraws its care from the currency, because it has left itself no means of performing its own duties, connected with that subject. It has, voluntarily and on calculation, discarded and renounced the policy which has been approved for half a century, because it could not return to that policy, without admitting its own inconsistency, and violating its party pledges. This is the truth of the whole matter.

Now, sir, my present purpose chiefly is, to maintain two propositions:

I. That it is the constitutional duty of this Government to see that a proper currency, suitable to the circumstances of the times, and to the wants of trade and business, as well as to the payment of debts due to Government, be maintained and preserved; a currency of general credit, and capable of aiding the operations of exchange, so far as those operations may be conducted by means of the circulating medium; and that there are duties, therefore, devolving on Congress, in relation to currency, beyond the mere regulation of the gold and silver coins.

II. That the message, the bill, and the proposed amendment, all, in effect, deny any such duty, disclaim all such power, and confine the constitutional obligation of Government to the mere regulation of the coins, and the care of its own revenues.

I have well weighed, Mr. President, and fully considered, the first of these propositions; to wit, that which respects the duty of this Government, in regard to the currency. I mean to stand by it. It expresses, in my judgment, a principle, fully sustained by the constitution, and by the usage of the Government, and which is of the highest practical importance. With this proposition, or this principle, I am willing to stand connected, and to share in the judgment which the community shall ultimately pronounce upon it. If the country shall sustain it, and be ready, in due time, to carry it into effect, by such means and instruments as the general opinion shall think best to adopt, I shall co-operate, cheerfully, in any such undertaking; and shall look again, with confidence, to prosperity in this branch of our national concerns. On the other hand, if the country shall reject this proposition, and act on that rejection; if it shall decide that Congress has no power, nor is under any duty, in relation to the currency, beyond the mere regulation of the coins; then, upon that construction of the powers and duties of Congress, I am willing to acknowledge, that I do not feel myself competent to render any substantial service to the public councils, on these great interests. I admit, at once, that if the currency is not to be preserved by the Government of the United States, I know not how it is to be guarded against constantly occurring disorders and derangements.

Before entering into the discussion of the grounds of this proposition, however, allow me, sir, a few words by way of preliminary explanation. In the first place, I wish it to be observed, that I am now contending only for the general principle, and not insisting either on the constitutionality, or expediency, of any particular means, or any particular agent. I am not saying by what instrument or agent Congress ought to perform this duty; I only say it is a duty, which, in some mode, and by some means, Congress is bound to perform. In the next place, let it be remembered, that I carry the absolute duty of Government, in regard to exchange, no farther than the operations of exchange may be performed by currency. No doubt, sir, a proper institution, established by Government, might, as heretofore, give other facilities to exchange, of great importance, and to a very great extent. But I intend, on this occasion, to keep clearly within the constitution, and to assign no duty to Congress, not plainly enjoined by the provisions of that instrument, as fairly interpreted, and as heretofore understood.

The President says, it is not the province of Government to aid individuals in the transfer of their funds, otherwise than by the use of the post-office; and that it might as justly be called on to provide for the transportation of their merchandise.

Now, I beg leave to say, sir, with all respect and deference, that funds are transferred from individual to individual, usually for the direct purpose of the

payment and receipt of debts; that payment and receipt are duties of currency; that, in my opinion, currency is a thing which Government is bound to provide for and superintend; that the case, therefore, has not the slightest resemblance to the transportation of merchandise, because the transportation of merchandise is carried on by ships and boats, by carts and wagons, and not by the use of currency, or of any thing else over which Government has usually exclusive control. These things individuals can provide for themselves. But the transfer of funds is done by credit, and must be so done; and some proper medium for this transfer it is the duty of Government to provide, because it belongs to currency, to money, and is therefore beyond the power of individuals.

The nature of exchange, sir, is well understood by persons engaged in commerce; but as its operations are a little out of the sight of other classes of the community, although they have all a deep and permanent interest in the subject, I may be pardoned for a word or two of general explanation. I speak of domestic exchanges only. We mean, then, by exchange, this same transfer of funds. We mean the making of payment in a distant place, or the receiving of payment from a distant place, by some mode of paper credits. If done by draft, order, or bill of exchange, that is one form; if done by the transmission of bank notes, through the post-office, or otherwise, that is another form. In each, credit is used; in the first, the credit of the parties whose names are on the bill or draft; in the last, the credit of the bank. Every man, sir, who looks over this vast country, and contemplates the commercial connexion of its various parts, must see the great importance that this exchange should be cheap and easy. To the producer and to the consumer, to the manufacturer and the planter, to the merchant, to all, in all classes, this becomes matter of moment. We may see an instance in the common articles of manufacture produced in the north, and sent to the south and west for sale and consumption. Hats, shoes, furniture, carriages, domestic hardware, and various other articles, the produce of those manufactories, and of those employments which are carried on without the aid of large capital, constitute a large part of this trade, as well as the fabrics of cotton and wool. Now a state of exchange, which shall enable the producers to receive payment regularly, and without loss, is indispensable to any useful prosecution of this intercourse. Derangement of currency and exchange is ruinous. The notes of local banks will not answer the purpose of remittance; and if bills of exchange cannot be had, or can be had only at a high rate, how is payment to be received, or to be received without great loss? This evil was severely felt, even before the suspension of specie payment by the banks; and it will always be felt, more or less, till there is a currency of general credit and circulation through the country. But when the banks suspended, it became overwhelming. All gentlemen having northern acquaintance, must know the existence of this evil. I have heard it said, that the hitherto prosperous and flourishing town of Newark has already lost a considerable part of its population by the breaking up of its business, in consequence of these commercial embarrassments. And in cases in which business is not wholly broken up, if five or six per cent., or more, is to be paid for exchange, it by so much enhances the cost to the consumer, or takes away his profit from the producer. I have mentioned these articles of common product of northern labor; but the same evil exists in all the sales of imported goods; and it must exist, also, in the south, in the operations connected with its great staples. All the south must have, and has, constant occasion for remittance by exchange; and no part of the country is likely to suffer more severely by its derangement. In

short, there can be no satisfactory state of internal trade, when there is neither cheapness, nor promptness, nor regularity, nor security, in the domestic exchanges.

I say again, sir, that I do not hold Government bound to provide bills of exchange, for purchase and sale. Nobody thinks of such a thing. If any institution established by Government can do this, as might be the case, and has been the case, so much the better. But the positive obligation of Government, I am content to limit to currency, and, so far as exchange is concerned, to the aid which may be afforded to exchange by currency. I have been informed that, a few years ago, before the charter of the late bank expired, at those seasons of the year when southern and western merchants usually visit the northern cities to make purchases, or make payment for existing liabilities, that bank redeemed its notes to the amount of fifty or even a hundred thousand dollars a day. These notes, having been issued in the west, were brought over the mountains, as funds to be used in the eastern cities. This was exchange; and it was exchange through the medium of currency; it was perfectly safe, and it cost nothing. This fact illustrates the importance of a currency of universal credit, to the business of exchange.

Having made these remarks, for the purpose of explaining exchange, and showing its connexion with currency, I proceed to discuss the general propositions.

Is it the duty, then, of this Government, to see that a currency be maintained, suited to the circumstances of the times, and to the uses of trade and commerce?

I need not, sir, on this occasion, enter historically into the well known causes which led to the adoption of the present constitution. Those causes are familiar to all public men; and among them, certainly, was this very matter of giving credit and uniformity to the money system of the country. The States possessed no system of money and circulation; and that was among the causes of the stagnation of commerce. Indeed, all commercial affairs were in a disjointed, deranged, and miserable state. The restoration of commerce, the object of giving it uniformity, credit, and national character, were among the first incentives to a more perfect union of the States. We all know that the meeting at Annapolis, in 1786, sprang from a desire to attempt something which should give uniformity to the commercial operations of the several States; and that in and with this meeting, arose the proposition for a general convention, to consider of a new constitution of government. Everywhere, State currencies were depreciated, and continental money was depreciated also. Debts could not be paid, and there was no value to property. From the close of the war, to the time of the adoption of this constitution, as I verily believe, the people suffered as much, except in the loss of life, from the disordered state of the currency and the prostration of commerce and business, as they suffered during the war. All our history shows the disasters and afflictions which sprang from these sources; and it would be waste of time to go into a detailed recital of them. For the remedy of these evils, as one of its great objects, and as great as any one, the constitution was formed and adopted.

Now, sir, by this constitution, Congress is authorized to "coin money, to regulate the value thereof, and of foreign coins;" and all the States are prohibited from coining money, and from making any thing but gold and silver coins a tender in payment of debts. Suppose the constitution had stopped here, it would still have established the all-important point of a uniform money system. By this provision Congress is to furnish coin, or regulate

coin, for all the States. There is to be but one money standard for the country. And the standard of value to be established by Congress, is to be a currency, and not bullion merely; because we find it is to be *coin;* that is, it is to be one or the other of the precious metals, bearing an authentic stamp of value, and passing therefore by tale. That is to be the standard of value. A standard of value, therefore, and a money for circulation, were thus expressly provided for. And if nothing else had been done, would it not have been a reasonable and necessary inference from this power, that Congress had authority to regulate, and must regulate and control, any and all paper, which either States or individuals might desire to put into circulation, purporting to represent this coin, and to take its place, in the uses of trade and commerce? It is very evident that the constitution intended something more than to provide a medium for the payment of debts to Government. The object was a uniform currency for the use of the whole people, in all the transactions of life; and it was manifestly the intent of the constitution, that the power to maintain such a currency should be given to Congress. But it would make the system incongruous and incomplete, it would be denying to Congress the means necessary to accomplish ends which were manifestly intended, it would render the whole provision in a great measure nugatory, if, when Congress had established a coin for currency and circulation, it should have no power to maintain it as an actual circulation, nor to regulate or control paper emissions designed to occupy its place, and perform the same functions that it would on the coinage power alone; and on a fair, and just, and reasonable inference from it, therefore, I should be of opinion that Congress was authorized, and was bound, to protect the community against all evils which might threaten from a deluge of currency of another kind, filling up, in point of fact, all the channels of circulation. And this opinion is not new. It has often been expressed before, and was cogently urged by Mr. Dallas, the Secretary of the Treasury, in his report in 1816. He says, "whenever the emergency occurs, that demands a change of system, it seems necessarily to follow, that the authority, which was alone competent to establish the national coin, is alone competent to create a national substitute."

But the constitution does not stop with this grant of the coinage power to Congress. It expressly prohibits the States from issuing *bills of credit.* What a bill of credit is, there can be no difficulty in understanding, by any one acquainted with the history of the country. They had been issued, at different times, and in various forms, by the State Governments. The object of them was to create a paper circulation; and any paper, issued on the credit of the State, and intended for circulation from hand to hand, is a bill of credit, whether made a tender for debts or not, or whether carrying interest or not. Is it issued with intent that it shall circulate from hand to hand, as money, and with intent that it shall so circulate on the credit of the State? If it is, it is a bill of credit. The States, therefore, are prohibited from issuing paper for circulation, on their own credit; and this provision furnishes additional and strong proof, that all circulation, whether of coin or paper, was intended to be subject to the regulation and control of Congress. Indeed, the very object of establishing one commerce for all the States, and one money for all the States, would otherwise be liable to be completely defeated. It has been supposed, nevertheless, that this prohibition on the States has not restrained them from granting to individuals, or to private corporations, the power of issuing notes for circulation, on their own credit. This power has long been exercised, and is admitted to exist. But could it be reasonably maintained, looking only to these two provisions, (that is to say,

to the coinage power, which is vested exclusively in Congress, and to the prohibition on the States against issuing their own paper for circulation,) that Congress could not protect its own power, and secure to the people the full benefits intended by and for them against evils and mischiefs, if they should arise, or threaten to arise, not from paper issued by States, but from paper issued by individuals or private corporations? If this be so, then the coinage power evidently fails of a great part of its intended effect; and the evils, intended to be prevented by the prohibitions on the States, may all arise, and become irresistible and overwhelming in another form.

But the message intimates a doubt whether this power over the coin was given to Congress to preserve the people from the evils of paper money, or only given to protect the Government itself. I cannot but think this very remarkable and very strange. The language of the President is, "there can be no doubt that those who framed and adopted the constitution, having in immediate view the depreciated paper of the Confederacy, of which five hundred dollars in paper were at times equal to only one dollar in coin, intended to prevent the recurrence of similar evils, so far at least as related to the transactions of the new Government." Where is the foundation for the *qualification* here expressed? On what clause, or construction of any clause, is it founded? Will any gentleman tell me what there is in the constitution which led the President, or which could lead any man, to doubt whether it was the purpose of that instrument to protect the people, as well as the Government, against the overwhelming evils of paper money? Is there a word or particle in the coinage power, or any other power, which countenances the notion that the constitution intended that there should be one money for the Government, and another for the people; that Government should have the means of protecting its own revenues against depreciated paper, but should be still at liberty to suffer all the evils of such paper to fall with full weight upon the people? This is altogether a new doubt. It intimates an opinion, which, so far as it shall find those who are ready to adopt and follow it, will sap and undermine one of the most indispensable powers of the Government. The coinage power is given to Congress in general terms; it is altogether denied to the States; and the States are prohibited from issuing bills of credit for any purpose whatever, or of any character whatever. Can any man hesitate one moment to say that these provisions are all intended for the general good of the people? I am therefore surprised at the language of the message in this particular, and utterly at a loss to know what should have led to it, except the apparent and foregone conclusion and purpose, of attempting to justify Congress in the course which was about to be recommended to it, of abstaining altogether from every endeavor to improve or maintain the currency, except so far as the receipts and payments of the Government itself were concerned. I repeat, sir, that I should be obliged to any friend of the administration, who would suggest to me on what ground this doubt, never expressed before, and now so solemnly and gravely intimated, is supposed to stand. Is it, indeed, uncertain, is it matter of grave and solemn doubt, whether the coinage power itself, so fully granted to Congress, and so carefully guarded by restraints upon the States, had any further object than to enable Congress to furnish a medium in which taxes might be collected?

But this power over the coinage is not the strongest, nor the broadest, ground on which to place the duty of Congress. There is another power granted to Congress, which seems to me to apply to this case, directly and irresistibly, and that is the commercial power. The constitution declares

that Congress shall have power to regulate commerce, not only with foreign nations, *but between the States.* This is a full and complete grant, and must include authority over every thing which is part of commerce, or essential to commerce. And is not money essential to commerce? No man, in his senses, can deny that; and it is equally clear, that whatever paper is put forth, with intent to circulate as currency, or to be used as money, immediately affects commerce. Bank notes, in a strict and technical sense, are not, indeed, money; but, in a general sense, and often in a legal sense, they are money. They are substantially money, because they perform the functions of money. They are not, like bills of exchange or common promissory notes, mere proofs or evidences of debt, but are treated as money, in the general transactions of society. If receipts be given for them, they are given as for money. They pass under a legacy, or other form of gift, as money. And this character of bank notes was as well known and understood at the time of the adoption of the constitution as it is now. The law, both of England and America, regarded them as money, in the sense above expressed. If Congress, then, has power to regulate commerce, it must have a control over that money, whatever it may be, by which commerce is actually carried on. Whether that money be coin or paper, or however it has acquired the character of money or currency, if, in fact, it has become an actual agent or instrument in the performance of commercial transactions, it necessarily thereby becomes subject to the regulation and control of Congress. The regulation of money is not so much an inference from the commercial power conferred on Congress, as it is a part of it. Money is one of the things, without which, in modern times, we can form no practical idea of commerce. It is embraced, therefore, necessarily, in the terms of the constitution.

But, sir, as will be seen by the proposition which I have stated, I go further; I insist that the duty of Congress is commensurate with its power; that it has authority not only to regulate and control that, which others may put forth as money and currency, but that it has the power, and is bound to perform the duty, of seeing that there is established and maintained, at all times, a currency of general credit, equivalent in value to specie, adapted to the wants of commerce and the business of the people, and suited to the existing circumstances of the country. Such a currency is an instrument of the first necessity to commerce, according to the commercial system of the present age; and commerce cannot be conducted, with full advantage, without it. It is in the power of Congress to furnish it, and it is in the power of nobody else. The States cannot supply it. That resource has often been tried, and has always failed. I am no enemy to the State banks; they may be very useful in their spheres; but you can no more cause them to perform the duties of a national institution, than you can turn a satellite into a primary orb. They cannot maintain a currency of equal credit all over the country. It might be tried, sir, in your State of Kentucky, or our State of Massachusetts. We may erect banks on all the securities which the wit of man can devise; we may have capital, we may have funds, we may have bonds and mortgages, we may add the faith of the State, we may pile Pelion upon Ossa; they will be State institutions after all, and will not be able to support a national circulation. This is inherent in the nature of things, and in the sentiments of men. It is in vain to argue that it ought not to be so, or to contend that one bank may be as safe as another. Experience proves that it is so, and we may be assured it will remain so.

Sir, mine is not the ruthless hand that shall strike at the State banks, nor

mine the tongue that shall causelessly upbraid them with treachery or perfidy. I admit their lawful existence; I admit their utility in the circle to which they properly belong. I only say, they cannot perform a national part in the operations of commerce. A general and universally accredited currency, therefore, is an instrument of commerce, which is necessary to the enjoyment of its just advantages, or, in other words, which is essential to its beneficial regulation. Congress has power to establish it, and no other power can establish it; and therefore Congress is bound to exercise its own power. It is an absurdity, on the very face of the proposition, to allege that Congress shall regulate commerce, but shall, nevertheless, abandon to others the duty of maintaining and regulating its essential means and instruments. We have in actual use a mixed currency: the coin circulating under the authority of Congress, the paper under the authority of the States. But this paper, though it fills so great a portion of all the channels of circulation, is not of general and universal credit; it is made up of various local currencies, none of which has the same credit, or the same value, in all parts of the country; and therefore these local currencies answer, but very loosely and deficiently, the purposes of general currency, and of remittance. Now, is it to be contended that there is no remedy for this? Are we to agree, that the constitution, with all its care, circumspection, and wisdom, has, nevertheless, left this great interest unprovided for? Is our commercial system so lame and impotent? Are our constitutional provisions and our political institutions so radically defective? I think not, sir. They do not deserve this reproach; and I think it may now be easily shown that, under all administrations, from General Washington's time down to the 3d of March last, the Government has felt and acknowledged its obligation, in regard to the currency, to the full extent in which I have stated it, and has constantly endeavored to fulfil that obligation. Allow me to go back to the beginning, and trace this matter down to our times, a little in detail.

In his first speech to Congress, in 1789, having just then assumed his new office, General Washington recommended no particular subjects to the consideration of Congress; but in his speech, at the opening of the second session, he suggested the importance of a uniform currency, without distinguishing coinage from paper; and this body, in its answer, assured him that it was a subject which should receive its attention. Recollect, sir, at that time, that there were State banks having notes in circulation, though they were very few. The first Bank of the United States was established at the third session of the Congress, in 1791. The bill for its creation originated in the Senate; the debates in which were at that time not public. We have, however, the debates in the House, we have the reports of the Secretaries, and we have the law itself. Let us endeavor to learn, from these sources, *for what objects this institution was created, and whether a national currency was one of those objects.*

Certainly, sir, it must be admitted that currency was not the only object in incorporating the bank of 1791. The Government was new, its fiscal affairs were not well arranged, it was greatly in debt, and the political state of things at the time rendered it highly probable that sudden occasions for making loans would arise. That it might assist the operations of the Treasury, therefore, and that it might make those loans to Government, if pressing occasions should arise, were two of the purposes, had in view in establishing the bank. But it is equally clear that there was a third purpose, and that respected commerce and currency. *To furnish a currency for general circulation, and to aid exchange, was, demonstrably, a clear, distinct, and avowed object, in the creation of the first bank.*

On the 13th of December, 1790, the Secretary of the Treasury made a report to the House of Representatives, recommending a national bank. In this report, he set forth the advantages of such an institution; one of these advantages, he says, consists "in increasing the quantity of circulating medium, and quickening the circulation." And he then proceeds to observe: "This last may require some illustration. When payments are to be made between different places, having an intercourse of business with each other, if there happen to be no private bills at market, and there are no bank notes which have a currency in both, the consequence is, that coin must be remitted. This is attended with trouble, delay, expense, and risk. If, on the contrary, there are bank notes current in both places, the transmission of these, by the post, or any other speedy or convenient conveyance, answers the purpose; and these again, in the alternations of demand, are frequently returned, very soon after, to the place whence they were first sent: whence the transportation and retransportation of the metals are obviated, and a more convenient and a more expeditious medium of payment is substituted."

Is not this clear proof, that one object, in establishing the bank, in the opinion of the Secretary, was the creation of a currency which should have general credit throughout the country, and, by means of such credit, should become a convenient and expeditious medium of exchange? Currency, sir, currency and exchange were then, beyond all doubt, important objects, in the opinion of the proposer of the measure, to be accomplished by the institution. The debates which took place in the House of Representatives, confirm the same idea. Mr. Madison, who objected to the bill on constitutional grounds, admitted, nevertheless, that one of the advantages of a bank consists "in facilitating occasional remittances, from different places where notes happen to circulate;" and Mr. Ames, who was one of the most distinguished friends of the measure, and who represented a commercial district, enlarged on the great benefit of the proposed institution to commerce. He insisted that the intercourse between the States could never be on a good footing, without an institution whose paper would circulate more extensively than that of any State bank; and what he saw, in the future, we have seen in the past, and feel in the present. Other gentlemen, also, contended that some such institution was necessary, in order to enable Congress to regulate the commerce of the country, and, for that reason, that it would be constitutional, as being proper means for a lawful end.

When the bill had passed the two Houses, the President, as we all know, asked the opinion of his cabinet upon its constitutionality. The Secretary of State and the Attorney General were against it; the Secretary of the Treasury was in favor of it; and among the grounds on which he placed the right of Congress to pass the law, was its adaptation to the exercise of the commercial power, conferred by the constitution on Congress. His language is: "The institution of a bank has, also, a natural relation to the regulation of trade between the States, in so far as it is conducive to the creation of a convenient medium of exchange between them, and to the keeping up a full circulation, by preventing the frequent displacement of the metals in reciprocal remittances. Money is the very hinge on which commerce turns. And this does not mean merely gold and silver; many other things have served the purpose, with different degrees of utility. Paper has been extensively employed. It cannot, therefore, be admitted, with the Attorney General, that the regulation of trade between the States, as it concerns the medium of circulation and exchange, ought to be considered as confined

to coin." "And it is," he adds, "in reference to these general relations of commerce, that an establishment which furnishes facilities to circulation, and a convenient medium of exchange and alienation, is to be regarded as a regulation of trade."

Nothing can be plainer, sir, than this language; and therefore nothing is more certain than that those who recommended and supported the first bank, regarded it as a fit and necessary measure, in order to enable Congress to exercise its important duty of regulating commerce, and to fulfil, especially, that part of the duty which enjoined upon it the provision of a proper and suitable currency for circulation and exchange.

But it is not necessary to rely on these opinions of individual friends of the measure. Let the act speak for itself. Let us look into it, and search its reasons on its own face. What are the grounds and objects of the law, as set forth in the law itself? The preamble tells us. It declares:

"That the establishing of a bank will be very conducive to the successful "conducting of the national finances; and will tend to give facility to the "obtaining of loans, for the use of Government, in sudden emergencies; *and* "*will be productive of considerable advantage to trade and industry in gen-* "*eral.*"

Trade and industry in general, therefore, constituted one distinct and definite object of the incorporation, if the law truly expounds its own purposes. It was not revenue alone, it was not the facility of making loans, merely, it was not mere utility to Government; but, in addition to these, it was commerce, it was the interest of the people, it was trade and business in general, which, among other considerations, formed an important part of the objects of the incorporation. And indeed, sir, events proved that it was vastly the most important part of all. What else did the first bank do, for the Government or the country, at all to be compared, in the amount of benefit, to its influence on the currency and the exchanges?

It is as clear as demonstration, therefore, that the Government, in General Washington's time, did feel itself authorized by the constitution, and bound in duty, to provide a safe currency, of general credit, for circulation and for exchange. It did provide such a currency. It is remarkable enough, so comparatively small was the mere object of keeping the public money, that no provision for that purpose was inserted in the charter; nor was there any law on the subject, so far as I remember, till the year 1800.

The bank went into operation, and its success was great and instantaneous; and during the whole period of its existence, there was no complaint of the state of the currency or the exchanges.

And now, sir, let me ask, what was it that gave this success to the new institution? Its capital was small, and Government had no participation in its direction; it was committed entirely to individual management and control.

Its notes, it is true, were made receivable in payments to Government: that was one advantage. It had a solid capital, and its paper was at all times convertible into gold and silver, at the will and pleasure of the holder: that was another and a most important ground of its prosperity. But, sir, there was something more than all this. There was something which touched men's sentiments, as well as their understandings. There was a cause which carried the credit of the new-born bank, as on the wings of the wind, to every quarter and every extremity of the country. There was a charm, which created trust, and faith, and reliance, not only in the great marts of commerce, but in every corner into which money, in any form, could penetrate. That cause was its nationality of character. It had the broad seal

of the Union to its charter. It was the institution of the nation, established by that new Government, which the people already loved; and it was known to be designed to revive and foster that commerce, which had so long been prostrate and lifeless.

Mr. President, let it be borne in mind that I am not now arguing the constitutionality, or present expediency, of a Bank of the United States. My sentiments are already well known on that subject; and, if they were not, the subject is not now before us.

But I have adverted to the history of the first bank, and examined the grounds on which, and the purposes for which, it was established, in order to show the fact, that this Government, from the first, has acknowledged the important duty and obligation of providing for currency and exchange, as part of the necessary regulation of commerce. I do not mean, at present, to say that a bank is the only, or the indispensable, means by which this duty can and must be performed; although I certainly think it the best. Yet I will not set limits to the wisdom and sagacity of gentlemen, in the invention and adaptation of means. If they do not like a bank, let them try whatever they do like. If they know a better instrument, or agent, let them use it. But I maintain that the performance of the duty, by some means, or some instrument, or some agent, *is* indispensable; and that so long as it shall be neglected, so long the commerce and business of the country must suffer.

The history of the late Bank of the United States manifests, as clearly as that of the first, that the Government, in creating it, was acting, avowedly, in execution of its duty, in regard to the currency. Fiscal aid, except so far as the furnishing of a currency was concerned, was hardly thought of. Its bills were made receivable for revenue, indeed; but that provision, as far as it went, was obviously a provision for currency. Currency for the revenue, however, was not the leading object. The leading object was currency for the country.

The condition of things, at that time, was very much like that which now exists. The revenue of the Government was entirely adequate to all its wants; but its operations were all obstructed by the derangement of the currency, and the people were as bad off as the Government. The banks, or most of them, had suspended payments. Their paper was depreciated, in various degrees; the exchanges were all disordered, and the commerce of the country thrown into confusion. Government and people were all rich; but, with all their riches, they had no money. Both might apply to themselves what Mr. Addison, being a much readier writer than speaker, said of himself, when he observed, that although he could draw for a thousand pounds, he had not a guinea in his pocket.

Mr. Madison, at that time, was President of the United States. He had been one of the opposers of the first bank, on constitutional grounds, but he had yielded his own opinions to the general sentiment of the country, and to the consideration that the power had been established and exercised. He was not a man who carried his respect for himself, and his own opinions, so far as to overcome his respect for all other men's judgments. Wise men, sir, are sometimes wise enough to surrender their own opinions, or at least to see that there is a time when questions must be considered as settled. Mr. Madison was one of these. In his annual message, in December, 1815, he says:

"The arrangements of the finances, with a view to the receipts and expenditures of a permanent peace establishment, will necessarily enter into the deliberations of Congress during the present session. It is true, that the improved condition of the public

revenue will not only afford the means of maintaining the faith of the Government with its creditors inviolate, and of prosecuting successfully the measures of the most liberal policy, but will also justify an immediate alleviation of the burdens imposed by the necessities of the war. It is, however, essential to every modification of the finances, that the benefits of a uniform national currency should be restored to the community. The absence of the precious metals will, it is believed, be a temporary evil; but, until they can again be rendered the general medium of exchange, it devolves on the wisdom of Congress to provide a substitute, which shall equally engage the confidence, and accommodate the wants of the citizens throughout the Union. If the operation of the State banks cannot produce this result, the probable operation of a national bank will merit consideration; and if neither of these expedients be deemed effectual, it may become necessary to ascertain the terms upon which the notes of the Government (no longer required as an instrument of credit) shall be issued, upon motives of general policy, as a common medium of circulation."

Here, sir, is the express recommendation to Congress to provide a "NATIONAL CURRENCY," a paper currency, a uniform currency, for the uses of the community, as a substitute for the precious metals, and as a medium of exchange. It devolves on Congress, says Mr. Madison, to provide such a substitute as shall engage the confidence and accommodate the wants of the citizens thoughout the Union; and if the State banks cannot produce this result, a national bank will merit consideration. Can language be more explicit? Currency, national currency, currency for exchange, currency which shall accommodate all the people, is the great and leading, and, I may add, the sole and single object of the recommendation.

Contrast now, sir, this language, and these sentiments, with those of the message before us. Did Mr. Madison confine his recommendation to such measures of relief as might be useful to Government merely? Did he look exclusively to the Treasury? Did he content himself with suggesting a proper medium for the receipt of revenue, or a proper deposite for its safe-keeping? Far otherwise. His view was general, statesmanlike, and fitted to the exigency of the times. The existing evil was one which afflicted the whole country; and the remedy proposed by him was, as it should have been, commensurate with the whole evil. And, sir, what a shock it would have produced at that time, if Mr. Madison, seeing the prostrate state of commerce and business all around him, had recommended to Congress to do nothing in the world but to take care that the taxes were collected, and those in the employment of Government well paid.

Well, sir, what was done with this message? Why, sir, the House of Representatives resolved, "that so much of the President's message as related to a uniform national currency, should be referred to a select committee." Such a committee was raised, and the honorable member from South Carolina was placed at its head, as he well deserved to be, from his standing in the House, and his well known opinions on this subject. The honorable member was thus at the head of a committee, appointed, not on the subject of a revenue currency, or a currency for Government, but a UNIFORM NATIONAL CURRENCY; and, to effect the great object of this appointment, he brought in a bill for the establishment of a Bank of the United States.

As had been the case formerly, so on this occasion, the Secretary of the Treasury made a report on the subject. And now hear, sir, what he says of the duty of Congress to provide a national currency, and of the objects which he proposes by the establishment of a national bank.

"The constitutional and legal foundation of the monetary system of the United States is thus distinctly seen; and the power of the Federal Government to institute and regulate it, whether the circulating medium consist of coin, or of bills of credit, must, in its general policy, as well as in the terms of its investment, be deemed an exclusive power. It is true, that a system depending upon the agency of the precious metals, will be

affected by the various circumstances which diminish their quantity, or deteriorate their quality. The coin of a State sometimes vanishes under the influence of political alarms; sometimes in consequence of the explosion of mercantile speculations; and sometimes by the drain of an unfavorable course of trade. But, whenever the emergency occurs that demands a change of system, it seems necessarily to follow, that the authority which was alone competent to establish the national coin, is alone competent to create a national substitute. It has happened, however, that the coin of the United States has ceased to be the circulating medium of exchange, and that no substitute has hitherto been provided by the national authority. During the last year, the principal banks established south and west of New England resolved, that they would no longer issue coin in payment of their notes, or of the drafts of their customers for money received upon deposite. In this act the Government of the United States had no participation; and yet the immediate effect of the act was to supersede the only legal currency of the nation. By this act, although no State can constitutionally emit bills of credit, corporations, erected by the several States, have been enabled to circulate a paper medium, subject to many of the practical inconveniences of the prohibited bills of credit."

"Of the services rendered to the Government by some of the State banks, during the late war, and of the liberality by which some of them are actuated in their intercourse with the Treasury, justice requires an explicit acknowledgment. It is a fact, however, incontestably proved, that those institutions cannot, at this time, be successfully employed to furnish a uniform national currency. The failure of one attempt to associate them, with that view, has already been stated. Another attempt, by their agency in circulating Treasury notes, to overcome the inequalities of the exchanges, has only been partially successful. And a plan recently proposed, with the design to curtail the issues of bank notes, to fix the public confidence in the administration of the affairs of the banks, and to give to each bank a legitimate share in the circulation, is not likely to receive the general sanction of the banks. The truth is, that the charter restrictions of some of the banks, the mutual relation and dependance of the banks of the same State, and even of the banks of the different States, and the duty which the directors of each bank conceive they owe to their immediate constituents, upon points of security or emolument, interpose an insuperable obstacle to any voluntary arrangement, upon national considerations alone, for the establishment of a national medium through the agency of the State banks."

"The establishment of a national bank is regarded as the best, and perhaps the only adequate resource, to relieve the country and the Government from the present embarrassment. Authorized to issue notes, which will be received in all payments to the United States, the circulation of its issues will be co-extensive with the Union; and there will exist a constant demand, bearing a just proportion to the annual amount of the duties and taxes to be collected, independent of the general circulation for commercial and social purposes. A national bank will, therefore, possess the means and the opportunity of supplying a circulating medium, of equal use and value in every State, and in every district of every State.

"The power of the Government to supply and maintain a paper medium of exchange, will not be questioned; but, for the introduction of that medium, there must be an adequate motive."

"Upon the whole, the state of the national currency, and other important considerations connected with the operations of the Treasury, render it a duty respectfully to propose—

"That a national bank be established."

This language, it must be admitted, is explicit enough, both in regard to the power and the duty; and the whole report bears very little resemblance, most certainly, to the official paper from the Treasury Department now before us.

When the bill was called up, the honorable member from South Carolina explained its objects in an able speech. He showed the absolute necessity of a national currency; the power of Congress over such currency, whether metallic or paper; and the propriety and expediency of establishing a bank, as the best means of exercising these powers and fulfilling these duties. I agreed then, and I agree now, to the general sentiments expressed in that speech, heartily and entirely. I would refer to it, on this occasion, both as an able argument and a high authority; and beg to adopt it, as setting forth, in a strong light, the sentiments which I am now endeavoring to enforce.

[Mr. CALHOUN here rose to make an explanation. He said that he never saw the reporter's notes of his speech on that occasion, and, therefore, what he did say, may not have been what he would have said. There were points of omission in that speech, which occupied a column and a half of the National Intelligencer. Mr. C. said, that he took care then, as now, to fortify himself, and leave a road open to oppose, at any coming time, a national bank. He then said that he was opposed to a bank, but that he submitted to the necessity of the case. There was then a connexion between the Government and the banks; and if the Government had a right to regulate the currency, there was no means of doing it but by a national bank. He had, both then, and since then, contended that Government had no right to have any connexion with any banks. In his opinion, the United States Bank (which he then advocated, and assisted to establish) was not established according to the constitution. Congress had no right to establish such a bank. He acted contrary to his own impressions of right. Many people may do things which they do not believe to be lawful, from necessity. He acted from necessity.]

Mr. WEBSTER, resuming his remarks, said, he thought the gentleman had said, formerly, that in consequence of the decision of the question, he felt thenceforward precluded from opposing the bank as being unconstitutional.

[Mr. CALHOUN again explained: He (Mr. C.) thought the connexion between Government and banks was now broken, and that set him at liberty; so that now he could oppose what he had then, and since, earnestly advocated.]

It is not my desire, sir, to hold the gentleman to a report of his speech, which he may choose, even now, to disclaim. I have never heard of his disclaiming it before; and even now, sir, I do not understand him as being desirous of retracting or denying any thing contained in the printed report of his speech, respecting the importance of a uniform national currency. That topic makes up the sum and substance of his whole speech. It was the topic of the occasion; it was the express purpose for which his committee had been raised, and for the accomplishment of which the whole proceeding was gone into. It was all currency, currency, currency; and whether the gentleman now thinks the law constitutional or unconstitutional, he cannot deny that his own object, and the object of Congress, was to furnish a circulating medium for the country. And here again, so unimportant, relatively, was the mere custody, or deposite of the public moneys in the bank, that the bill, as originally introduced, contained no provision for that object. A section was afterwards introduced, in Committee of the Whole, on my motion, providing for the deposite of the public moneys with the bank, unless the Secretary of the Treasury should, at any time, otherwise order and direct; a reservation of power to the Secretary, which, as I think, and always have thought, was greatly abused, by the removal of the deposites, in 1833.

By reference to the debates, sir, it will be found that other friends of the measure followed up the general ideas of the honorable gentleman from South Carolina, and supported the bank, as a necessary agent or instrument for establishing, anew, a national currency, for the uses of commerce and exchange.

The operation of the joint resolution of April, 1816, aided, no doubt, in a proper degree, by the institution of the bank, and the currency which it furnished, accomplished the great end of the resumption of specie payments; and, for a long period, we had no further trouble with the currency.

And I now proceed to say, sir, that the late President of the United States

has acknowledged this duty, as often, and as fully and clearly, as any of his predecessors. His various admissions, or recognitions, of this obligation, are too recent and too fresh in every one's recollection, to require, or to justify, particular citation. All the evils we now feel, indeed, we have encountered *in the search after a better currency*. It has been in the avowed attempt to discharge the duty of Government, connected with the circulation, that the late administration has led us to where we now are. The very first charge that the late President ever brought against the bank, was, *that it had not maintained a sound and uniform currency*. Most persons, probably, will think the charge quite unfounded; yet this was the charge. Its dereliction of duty, or its want of ability to perform what had been expected from it—its failure, in some way, to maintain a good currency, was the original professed cause of dissatisfaction. And when the bill for rechartering the bank was negatived, it was not on the ground that Government had nothing to do with the national currency, but that a better provision for it might be made, than we had in the bank. The duty was not to be disclaimed, or thrown off, or neglected; new agents, only, were to be employed, that it might be better performed. The State banks would do better than the national bank had done; the President was confident of this, and therefore he rejected the national bank as an agent, and adopted the State banks. And what he so constantly promised us would happen, he as resolutely maintained, afterwards, had happened. Down to his last message, down to the last hour of his administration, he insisted upon it that the State banks had fulfilled all his expectations, and all their own duties; and had enabled the Government to accomplish, in the very best manner, the great and important objects of currency and exchange. We have the same head of the Treasury, sir, who has repeated and echoed all these statements, whether of prophecy or fulfilment, in successive reports, some of them not less tersely and intelligibly written than that now before us; and we have heads of other departments, who concurred, I presume, from time to time, in the original statements, and in the faithful echoes of them, from the Treasury. All these functionaries have been laboring with the utmost zeal, as they professed, to perform their constitutional obligation of furnishing the country with a good currency, with a better currency, with the best currency; and they have dragged Congress, dragged the country, and dragged themselves, into difficulty, perplexity, and distress, in this long and hot pursuit. And now, behold, they draw up all at once, and declare that the object of all this toil and struggle, is one with which they have nothing at all to do!

But, as the last message of the late President was loud and warm in its praises of the State banks, for the good services which they rendered to currency and exchange, so, no doubt, would the first message of the present President have commended, with equal earnestness, the success with which Government had been able, by means of the State banks, to discharge this important part of its duties, if the events of May last had not left that subject no longer a topic of felicitation. By the suspension of specie payments, all was changed. The duty of Government was changed, and the constitution was changed also. Government was now to give up, and abandon forever, that very thing which had been the professed object of its most assiduous care, and most earnest pursuit, for eight long and arduous years!

Mr. President, when I heard of the suspension of the banks, I was by the side of the Ohio, on a journey, in the course of which I had occasion, frequently, to express my opinion on this new state of things; and those who may have heard me, or noticed my remarks, will bear witness that I con-

stantly expressed the opinion that a new era had commenced; that a question of principle, and a question of the highest importance, had arisen, or would immediately arise; that, hereafter, the dispute would not be so much about means as ends; that the extent of the constitutional obligation of the Government would be controverted; in short, that the question, whether it was the duty of Congress to concern itself with the national currency, must, inevitably, become the leading topic of the times. So I thought, whenever I had the pleasure of addressing my fellow-citizens, and so I feel and think now. I said often on these occasions, and I say now, that it is a question which the people, by the regular exercise of their elective franchise, must decide. The subject is one of so much permanent importance, and public men have become so committed, on the one side or the other, that the decision must, as I think, be made by the country. We see an entirely new state of things. We behold new and untried principles of administration advanced and adopted. We witness an avowed and bold rejection of the policy hitherto always prevailing. The Government has come, not to a pause, but to a revulsion. It not only stops, but it starts back; it abandons the course which it has been pursuing for near fifty years, and it reproaches itself with having been acting, all that time, beyond the limits of its constitutional power.

It was my second proposition, sir, that the message, the bill, and the amendment, taken together, deny, in substance, that this Government has any power or duty connected with the currency, or the exchanges, beyond the mere regulation of the coins.

And, sir, is this not true? We are to judge of the message by what it omits, as well as by what it proposes. Congress is called together in a great commercial crisis. The whole business of the country is arrested by a sudden disorder of the currency. And what is proposed? Any thing to restore this currency? Any thing, with a direct view of producing the resumption of payment by the banks? Is a single measure offered, or suggested, the main purpose of which is general relief to the country? Not one. No, sir, not one. The administration confines its measures to the Government itself. It proposes a loan, by the means of Treasury notes, to make good the deficiency in the revenue; and it proposes secure vaults, and strong boxes, for the safe-keeping of the public moneys; and here its paternal care ends. Does the message propose to grapple, in any way, with the main evil of the times? Seeing that that evil is one affecting the currency, does the message, like that of Mr. Madison, in 1815, address itself directly to that point, and recommend measures of adequate relief? No such thing. It abstains from all general relief. It looks out for the interest of the Government, as a Government; and it looks no further. Sir, let me turn to the message itself, to show that all its recommendations, and, indeed, all the objects in calling Congress together, are confined to the narrow and exclusive purpose of relieving the wants of Government.

The President says, that the regulations established by Congress, for the deposite and safe-keeping of the public moneys, having become inoperative by the suspension of payment by the banks; and apprehending that the same cause would so diminish the revenue, that the receipts into the Treasury would not be sufficient to defray the expenses of Government; and as questions were also expected to arise, respecting the October instalment of the deposite to the States, and doubting whether Government would be able to pay its creditors in specie, or its equivalent, according to law, he felt it to be his duty to call Congress together. These are the reasons for calling Congress. They are all the reasons; and they all have exclusive regard to the Government itself.

In the next place, let us see what measures the message recommends to Congress. In its own language, the objects demanding its attention are—

"To regulate, by law, the safe-keeping, transfer, and disbursement of the public moneys; to designate the funds to be received and paid by the Government; to enable the Treasury to meet promptly every demand upon it; to prescribe the terms of indulgence, and the mode of settlement to be adopted, as well in collecting from individuals the revenue that has accrued, as in withdrawing it from former depositories."

These are all the objects recommended particularly to the care of Congress; and the enumeration of them is followed by a general suggestion, that Congress will adopt such further measures as may promote the prosperity of the country. This whole enumeration, it is obvious, is confined to the wants and convenience of the Government itself.

And now, sir, let us see on what grounds it is, that the message refrains from recommending measures of general relief. The President says—

"It was not designed by the constitution that the Government should assume the management of domestic or foreign exchange. It is, indeed, authorized to regulate, by law, the commerce between the States, and to provide a general standard of value or medium of exchange in gold and silver; but it is not its province to aid individuals in the transfer of their funds, otherwise than through the facilities afforded by the Post Office Department. As justly might it be called on to provide for the transportation of their merchandise."

And again:

"If, therefore, I refrain from suggesting to Congress any specific plan for regulating the exchanges of the country, relieving mercantile embarrassments, or interfering with the ordinary operations of foreign or domestic commerce, it is from a conviction that such measures are not within the constitutional province of the General Government, and that their adoption would not promote the real and permanent welfare of those they might be designed to aid."

The President, then, sir, declines to recommend any measure for the relief of commerce, for the restoration of the currency, or for the benefit of exchanges, on the avowed ground, that, in his opinion, such measures are not within the constitutional power of Congress. He is distinct and explicit, and so far entitled to credit. He denies, broadly and flatly, that there is any authority in this Government to regulate the currency, and the exchanges, beyond its care of the coin. The question, then, is fairly stated. It cannot be misunderstood; and we are now to see how Congress, and, what is much more important, how the country will settle it.

Mr. President, if, in May last, when specie payments were suspended, the president of one of the banks had called his council of directors together, informed them that their affairs were threatened with danger, that they could not collect their debts in specie, and might not be able to pay their creditors in specie, and recommended such measures as he thought their interest required; his policy, in all this, would have been no more exclusively confined to the interests of his corporation, than the policy of the message is confined to the interests of this great corporation of Government. Both in practice, therefore, and on principle, in reality, and avowedly, the administration abandons the currency to its fate. It surrenders all care over it, declines all concern about it, and denies that it has any duty connected with it.

Sir, the question, then, comes to be this: Shall one of the great powers of the constitution, a power essential to it, on any just plan or theory of government, a power which has been exercised from the beginning, a power absolutely necessary and indispensable to the proper regulation of the commerce of the country, be now surrendered and abandoned forever? To this point we have come, sir, after pursuing the "experiment" of the

late administration for five years. And from this point, I am persuaded, the country will move, and move strongly, in one direction or another. We shall either go over to the gentleman from Missouri, and suffer him to embrace us in his gold and silver arms, and hug us to his hard-money breast; or we shall return to the long-tried, well-approved, and constitutional practice of the Government.

As to the employment of the State banks, for the purpose of maintaining the currency, and carrying on the operations of exchange, I certainly never had any confidence in that system, and have none now.

I think the State banks can never furnish a medium for circulation, which shall have universal credit, and be of equal value everywhere.

I think they have no powers, or faculties, which can enable them to restrain excessive issues of paper.

I think their respective spheres of action are so limited, and their currencies so local, that they can never accomplish what is desired in relation to exchanges.

Still, I prefer the employment of State banks to the project before us; because it is less of a *project;* because it is less dangerous; and, chiefly, because it does not surrender, effectually and in terms, a great power of the constitution.

In every respect, this project is objectionable. It is but another "experiment;" and those who recommend it so zealously, were the authors of the last, and were equally full of confidence and assurance in regard to that.

Who invite us to try this experiment? What voices do we hear raised in its recommendation? Are they not the well-known voices which we heard so often when the late "experiment" was begun? We know of but one accession. The voice of the honorable member from South Carolina is heard, it is true, now mingling with the general strain; and that is all. Where, then, is the ground for confidence in this experiment, more than there was for it in the last?

This scheme, too, is against all our usages, and all our habits. It locks up the revenue, under bolts and bars, from the time of collection to the time of disbursement. Our practice has been otherwise, and it has been a useful practice. In 1833, the Secretary of the Treasury admonished the deposite banks, since they had obtained the custody of the public funds, to accommodate the public, to loan freely, especially to importing merchants. And now, a system is proposed to us, according to which, any use of the public funds, by way of loan or accommodation to the public, is made a criminal offence, and to be prosecuted by indictment! Admirable, admirable consistency!

But the great objection to the measure, that which so much diminishes the importance of all other objections, is its abandonment of the duty of Government. The character of this project is, severance of the Government from the people. This, like the mark of Cain, is branded on its forehead. Government separates itself, not from the banks merely, but from the community. It withdraws its care, it denies its protection, it renounces its own high duties. I am against the project, therefore, in principle and in detail; I am for no new experiments; but I am for a sound currency for the country. And I mean by this, a convertible currency, so far as it consists of paper. I differ, altogether, in this respect, from the gentleman from South Carolina. Mere Government paper, not payable otherwise than by being received for taxes, has no pretence to be called a currency. After all that can be said about it, such paper is mere paper money. It is nothing but bills of credit. It always has been, and always will be, depreciated. Sir, we want specie, and we want paper, of universal credit, and which

is convertible into specie at the will of the holder. That system of currency, the experience of the world, and our own experience, have both fully approved.

I maintain, sir, that the people of this country are entitled, at the hand of this Government, to a sound, safe, and uniform currency. If they agree with me, they will themselves say so. They will say, "it is our right; we have enjoyed it forty years; it is practicable, it is necessary to our prosperity, it is the duty of Government to furnish it; we ought to have it, we can have it, and we will have it."

The language of the administration, on the other hand, is, "Good masters, you are mistaken. You have no such right. You are entitled to no such thing from us. The constitution has been misunderstood. We have suddenly found out its true meaning. A new light has flashed upon us. It is no business of ours to furnish a national currency. You cannot have it, and you will not get it."

Mr. President, I have thus stated what I think to be the real question now before the country. I trust myself, cheerfully, to the result. I am willing to abide the test of time, and the ultimate judgment of the people; for it is a sentiment deeply infused into me, it is a conviction which pervades every faculty I possess, that there can be no settled and permanent prosperity to the commerce and business of the country, until the constitutional duty of Government, in regard to the currency, be honestly and faithfully fulfilled.

I shall detain the Senate, sir, with a few remarks only in reply to the gentleman from Pennsylvania, [Mr. BUCHANAN.]

The gentleman has met the question fairly. He denies that there is any power or duty belonging to this Government, such as I have attempted to maintain. He denies that it is incumbent on Congress to maintain a sound and uniform currency, or to have any thing to do with currency or exchange, beyond the regulation of coin. I am glad to see the honorable member take this distinct ground. All see now what the question is.

The gentleman remarked, that I had abandoned that part of the constitution which is usually relied on as giving Congress power to establish a bank; that is to say, the power to lay and collect taxes. But you will remember, sir, that I was not discussing the power to create a bank, although, certainly, I have no doubt of the power. I was not contending merely for something that should aid in the collection of taxes; I was speaking of the power and duty of providing a sound currency for the whole country; a power and a duty which would both belong to this Government, if another dollar of taxes was never to be collected. Yes, sir, if we knew, this day, that the proceeds of the sales of the public lands would yield revenues equal to all the wants of the Government for a hundred years to come, our want of a currency would be the same, and the duty of Government to provide it the same, as it now is.

The gentleman argues, too, that a power to provide a currency cannot be drawn from the commercial power granted to Congress; because, he says, that power is only to *regulate* commerce, and to regulate is not to *create*. This is not quite correct; there are many forms of expression, in our language, especially those in which complex operations are described, in which to regulate, means to cause, or to produce. But, suppose I concede to the gentleman that to regulate, never means to create. What then? Would that prove that Congress could not create a currency, in order thereby to regulate commerce? May it not be necessary to make one thing, in order to regulate another? Let us take the gentleman's own illustration. He says Congress

has power to *regulate* the value of foreign coin; but that this cannot mean that it has the power to create such coin. Very true; but then, it may make the steelyards, or the scales, (may it not?) as necessary instruments, to ascertain that value which is to be regulated. It may establish an assay, on any scale it chooses.

We have just passed a bill authorizing the Treasury Department to *make* and issue Treasury notes; and we have done this, under the power to borrow money; and certainly the honorable member himself did not doubt, in that case, that, in exercising a clear constitutional power, we had a right to make any thing, which became necessary, as an instrument, to its convenient execution.

The power of Congress, therefore, over the currency; its power to regulate all currency, metallic or paper; and its power, and its duty, to provide and maintain a sound and universal currency, belongs to it as an indispensable and inseparable part of its general authority to regulate commerce.

But, sir, I might safely go much further than this. It could be shown, from a hundred instances, that the power to regulate commerce has been held to be broad enough to include an authority to do things, to make things, to create things, which are useful and beneficial to commerce; things which are not so much *regulations* of commerce, in a strict sense, as they are aids and assistances to commerce. The gentleman himself, I will undertake to say, has voted for laws, for such purposes, very often.

Mr. President, we have appropriated, I know not how much more, or how much less, than a million of dollars, for a breakwater in the mouth of the Delaware. The gentleman has concurred in these appropriations. Now, sir, we did not propose to *regulate* a breakwater; we proposed to make it, to *create* it. In order to *regulate* commerce, and to regulate it beneficially, Congress resolved to *create* a breakwater; and the honorable member never found any constitutional difficulty in the way, so far as I remember. And yet, sir, a breakwater is not essential and indispensable to commerce; it is only useful and beneficial. But a sound currency, of universal and equal credit, is essential to the enjoyment of the just advantages of the intercourse between the States.

The light-houses on the seacoast, and on the lakes, and all the piers, buoys, and harbors, have been created, in like manner, simply by the power of Congress to regulate commerce.

Mr. President, the honorable member from Pennsylvania, growing warm in the progress of his speech, at length burst out into an exclamation: "What," said he, "would the framers of the constitution say, could they be now present, and hear the doctrines for which the member from Massachusetts contends!"

Sir, I have already quoted the language of several of these good and great men. I rely on their opinions, fully and clearly expressed. I have quoted Mr. Madison, among others; but, sir, to use the language of the forum, I am willing to call the witness again into court, and to examine him further. Mr. Madison, all will admit, is a competent witness. He had as much to do as any man in framing the constitution, and as much to do as any man in administering it. Nobody, among the living or the dead, is more fit to be consulted, on a question growing out of it; and he is far from being considered as a latitudinarian, in his mode of construction. I will then, sir, question him further.

Be it remembered, sir, that my proposition simply is, that it is a part of the power and duty of Congress to maintain a general currency, suitable to the state of things existing among us, for the use of commerce and the people.

Now, sir, what says Mr. Madison? I read from his message, of December, 1816:

"Upon this general view of the subject, it is obvious that there is only wanting, to the fiscal prosperity of the Government, the restoration of a uniform medium of exchange. The resources and the faith of the nation, displayed in the system which Congress has established, ensure respect and confidence both at home and abroad. The local accumulations of the revenue have already enabled the Treasury to meet the public engagements in the local currency of most of the States; and it is expected that the same cause will produce the same effect throughout the Union. But, for the interests of the community at large, as well as for the purposes of the Treasury, it is essential that the nation should possess a currency of equal value, credit, and use, wherever it may circulate. The constitution has intrusted Congress, exclusively, with the power of creating and regulating a currency of that description; and the measures which were taken during the last session, in execution of the power, give every promise of success. The Bank of the United States has been organized under auspices the most favorable, and cannot fail to be an important auxiliary to those measures."

And now, sir, I hand the witness over to the gentleman for cross-examination.

But, sir, if the honorable member from Pennsylvania could overthrow my proposition, he would equally overthrow his friend from South Carolina; because that gentleman admits, that there must be a paper currency of some kind, and that, a paper currency issued by the authority of Government. And if we both fall, we shall pull down along with us (which mercy forefend!) the Secretary of the Treasury, report and all; for it is one of the leading objects of that luminous paper to show how far Government issues might usefully become the medium of payment and the means of circulation. And, indeed, every vote given in Congress for the Treasury note bill—the gentleman's own vote, if given, or so far as given, on the ground that Treasury notes shall pass from hand to hand as currency—is a refutation of his argument.

Mr. President, this power over the currency, for which I am contending, is in the constitution; the authority of Congress over commerce would be radically deficient without it; the power has been admitted, acknowledged, and exercised. To deny that this power is in the constitution, is to rewrite the constitution, to reconstruct it, to take it away, and give us a substitute. To deny that the power has been acknowledged, and exercised, is to contradict history, and to reverse facts.

Note.—It is proper to inform the reader, that neither of these printed speeches contains all that Mr. Webster said, on the several occasions. In the first, he spoke at large on the specie circular, on the necessity of *convertible* paper for currency, and other topics. In the last, he replied, at some length, to Mr. Calhoun, on the general history, tendency, and effect of the banking system. But, in this publication, those parts of his speeches only are printed, which bear directly on the two propositions, which it was his principal object to establish.